

- (5) Differentiation must be made between those households who cannot afford to pay for basic services and those who just do not want to pay for these services.
- (6) The payment of services should be affordable to the indigent.
- (7) It should be based on a predetermined period or financial year.
- (8) The indigent support policy will prevail as long as funds are available.
- (9) The Council may review and amend the qualification for indigent support.
- (10) The onus is on the recipient to inform the Council of any change in his/her status or personal households circumstances.

5. Qualification for registration as indigent customer

- (1) All households where the combined gross income of all the members of the household over the age of eighteen years is less than R900.00, qualify for registration as indigent customers.
- (2) Household/occupants/residents/dependants who do not own more than one property.
- (3) Households who are not receiving significant benefits or regular monetary payments.
- (4) Property owners who live on the premises.

6. Application for registration

- (1) A household who qualifies as an indigent customer must complete the application form entitled "Application For Registration as Indigent Customer" attached as Annexure A to this policy.
- (2) The application form is to be completed by the registered owner of the property.
- (3) The application in terms of subsection (1) must be accompanied by-
 - (a) documentary proof of income, such as a letter from the customers employer, a salary advice, a pension card, unemployment fund card; or
 - (b) an affidavit declaring unemployment or income; and
 - (c) the customer's latest municipal account in his/her possession, and
 - (d) a certified copy of the customer's identity document; and

10. Subsidised services for indigent customers

- (1) The municipal council may annually, as part of its budgetary process, determine the municipal services and levels thereof which will be subsidised in respect of indigent customers in accordance with national policy, but subject to principles of sustainability and affordability.
- (2) The municipal council will in the determination of municipal services which will be subsidised for indigent customers give preference to subsidising at least the following services:
 - (a) Domestic refuse removal services to a maximum of one removal per household per week
 - (b) All rates levied on properties of which the municipal value is less than R20 000; provided that if, in the case of any property, or category of properties, it is not feasible to value or measure such property, the basis on which the property rates thereof shall be determined, shall be as prescribed by the Council
- (3) The Municipality must, when making a determination in terms of subsection (1) give public notice of such determination.
- (4) Public notice in terms of subsection (3) must contain at least the following:
 - (a) The level or quantity of municipal service which will be subsidised
 - (b) The level of subsidy
 - (c) The method of calculating the subsidy
 - (d) Any special terms and conditions which will apply to the subsidy, not provided for in this policy or the bylaws.
- (5) Any other municipal services rendered by the Municipality or municipal services consumed in excess of the levels or quantities determined in subsection (1) shall be charged for and the indigent customer shall be liable for the payment of such charges levied on the excess consumption.

11. Funding of subsidised services

- (1) The subsidised services referred to in subsection 9 shall be funded from the portion of revenue raised nationally which is allocated to the Municipality and if such funding is insufficient the services may be funded from revenue raised through rates, fees and charges in respect of municipal services.
- (2) The subsidy amount to be funded from revenue raised nationally which is allocated to the Municipality shall be calculated by dividing the amount allocated by the estimated number of customers which may qualify for registration as indigent customers.

12. Existing arrears of indigent customers on approval of application

Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers will be either –

- (1) Written off
- (2) Applied as a surcharge to prepaid electricity coupons; or
- (3) Be attempted to be recovered through legal proceedings; and/or extended arrangements.

13. Audits

The Municipality may undertake regular random audits carried out by the Municipality or its authorised agent to-

- (1) Verify the information provided by indigent customers
- (2) Record any changes in the circumstances of indigent customers; and
- (3) Make recommendations on the de-registration of the indigent customer

14. De-registration

- (1) Any customer who provides or provided false information in the application form and/or any other documentation and information in connection with the application shall automatically, without notice, be de-registered as an indigent customer from the date on which the Municipality or its authorised agent become aware that such information is false.
- (2) An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances has changed to the extent that he/she no longer meets the qualifications set out in section 5.
- (3) An indigent customer shall automatically be de-registered if an application in accordance with section 6 is not made or if such application is not approved.
- (4) An indigent customer shall automatically be de-registered if an audit or verification concludes that the financial circumstances of the indigent customer has changed to the extent that he/she no longer meets the qualifications set out in section 5.
- (5) An indigent customer may at any time request de-registration.

KWA SANI LOCAL MUNICIPALITY
APPLICATION FOR REGISTRATION AS INDIGENT CUSTOMER

| | |
|---|----------------|
| Particulars of Applicant | |
| Surname | Initials |
| ID Number | |
| Marital Status | |
| If married – in/out of community of property/customary marriage | |
| Occupation | |
| Tel. Number | |
| Cell Number | |
| Address of Applicant | |
| Physical Address | Postal Address |

| | |
|--|--------------------------|
| Number of properties owned by applicant and all members of household | |
| Details of properties | |
| Property 1. | Physical address |
| | Name of owner |
| | Name of bondholder |
| | Account number |
| | Deed Registration Number |
| | Type of structure |
| Property 2. | Physical address |
| | Name of owner |
| | Name of bondholder |
| | Account number |
| | Deed Registration number |
| | Type of structure |

| | |
|---|--|
| Is property/properties or a portion thereof leased to a third person? (Yes/No) | |
| If leased, rent received number of all members in household | |
| Combined gross income of all members of the household per month | |
| Details of all members of the household over the age of 18 years resident at the property | |
| 1. Surname | 2. Surname |
| Full names | Full names |
| ID Number | ID Number |
| Employed (Yes/No) | Employed (Yes/No) |
| Salary including benefits, if relevant | Salary including benefits, if relevant |

| | |
|---|---|
| 3. Surname | 4. Surname |
| Full names | Full names |
| ID Number | ID Number |
| Employed (Yes/No) | Employed (Yes/No) |
| Salary including benefits, if relevant | Salary including benefits, if relevant |

| | |
|---|---|
| 5. Surname | 6. Surname |
| Full Names | Full names |
| ID Number | ID Number |
| Employed (Yes/No) | Employed (Yes/No) |
| Salary including benefits, if relevant | Salary including benefits, if relevant |

| | |
|----------------|----------------|
| 3. Institution | 4. Institution |
| Type of action | Type of action |
| Case number | Case number |
| Amount owing | Amount owing |

| | |
|----------------|----------------|
| 5. Institution | 6. Institution |
| Type of action | Type of action |
| Case number | Case number |
| Amount owing | Amount owing |

The following documents must be attached –

1. Documentary proof of income (such as letter from the customers's employer, a salary advice, a pension card, unemployment fund card, etc.); or
2. An affidavit declaring unemployment or income; and
3. Latest municipal account in the possession of customer; and
4. A certified copy of the applicant's identity document.

A. I hereby --

1. Apply for registration as an indigent customer for a period of one year;
2. Accept the conditions applicable to this application as set out the Municipality's policy, Bylaws and the Conditions of Supply of any service provider of the Municipality;
3. Declare that I was informed that the document referred to in 2 above are for inspection at the offices of the Municipality during office hours;
4. Declare that this application form and the implications thereof was explained to me;
5. Declare that all payments due and payable by me in pursuance of this application shall promptly be paid by me on the due date; and
6. Declare that the information provided in this application form is true and correct.

B. I further declare and accept that the following specific conditions shall apply to this application-

The Municipality or its authorised agent may send authorised representatives to premises or households applying for registration as indigent customers to conduct an on-site audit of information provided prior to approval of an application or any time thereafter.

2. An application shall be approved for a period of 12 months only.
3. The Municipality or its authorised agent may on approval of an application or any time thereafter-
 - 3.1 install a pre-payment electricity meter for the indigent customer where electricity is provided by the Municipality or its authorised agent; and
 - 3.2 limit the water supply services of an indigent customer to a basic supply of not less than 6 kiloliters per month.
4. An indigent customer must annually re-apply for registration as an indigent customer, failing which the assistance will cease automatically.
5. The Municipality or its authorised agent gives no guarantee of renewal.
6. The Municipality council may annually as part of its budgetary process determine the municipal services and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, but subject to principles of sustainability and affordability.
7. Any other municipal services rendered by the Municipality or its authorised agent or municipal services consumed in excess of the quantities specified in 6 above shall be charged for and the indigent customer shall be liable for the payment of such charges levied on the excess consumption. Normal credit control procedure shall apply in respect of such excess consumption.
8. Any customer who provides or provided false information in the application form and/or any other documentation and information in connection with the application-

- 8.1 Shall automatically, without notice, be de-registered as an indigent customer from the date on which the Municipality or its authorised agent became aware that such information is false; and
- 8.2 Shall be held liable for the payment of all services received.
9. An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his or her circumstances has changed to the extent that he or she no longer meet the qualifications set out in the Bylaws.
10. An indigent customer shall automatically be de-registered if an annual application is not made or if such application is not approved.
11. An indigent customer shall automatically be de-registered if an audit or verification concludes that the financial circumstances of the indigent customer has changed to the extent that he or she no longer meet the qualifications set out in the Bylaws.
12. An indigent customer may at any time request de-registration.

.....
Applicant

.....
Municipality/Authorised Agent

.....
Date

.....
Date

CERTIFICATION BY MUNICIPALITY

The consequences of the above declaration made by the applicant were explained to him/her indicated that the contents of the application were understood.

.....
Municipality/Authorised Agent

.....
Date

| |
|--|
| FOR OFFICE USE ONLY |
| Account Number |
| Date of receipt of application |
| First Verification |
| Date Site Visit (Yes/No) |
| Name of verifier |
| Indicate information not verified |
| Recommendation |
| APPLICATION APPROVED/NOT APPROVED |
| Second verification |
| Date |
| Site Visit (Yes/No) |
| Name of verifier |
| Designation of verifier |

Financial Management

Financial management of the municipality is sound with the municipality achieving its first ever unqualified audit report. The financial statements as at the 30 June 2008 indicated an accumulated surplus of R 4 215 140, with an operating deficit of R 455 753 for the year. However the revenue includes capital grants of R 542 418 (capital expenditure grant funded) in accordance with GRAP/GAMAP, accordingly the accumulated surplus does not include capital grants. Therefore the actual deficit for the year is R 998 171.

The major sources of revenue is grant funding in the form of equitable share which is used exclusively for operating purposes; rates and service charges (refuse removal). The cash flow situation presents a regular challenge. At year end the percentage paid in regard to accounts raised amounted to 40%. An aggressive debt recovery process has as a result been undertaken.

From the 1st July 2008 all properties were rated in terms of the Municipal Property Rates Act No. 6 of 2004. The implementation of this act has added to the burden of a under resourced finance department and despite initial problems with the valuation of the agricultural sector, the implementation has been a success.

A shared service agreement with regard to Internal Audit and the Audit Committee has been established with Sisonke District Municipality.

Direct MIG funding of R 3 370 000 has been received in the 2008/2009 financial year. The municipality has in the past received the MIG funding via the District Municipality. Initial teething problems were experienced with regard to prescribed MIG processes to be followed as no training had been received. A project management unit was not formed instead this function is being performed jointly by the planning and finance departments. The three community hall projects are on schedule.

Fig 1

Kwa Sanl Municipality
Year ended 30 June 2008

Summary of Grants Unspent - at 30 June 2008

| | Balance 01.07.2007 | Received 2007/2008 | Interest on Investments | Utilised 2007/2008 | Balance 30.06.2008 |
|--------------------------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|
| KZNPA Grants - 5 600 6003 1 | | | | | |
| Metering | (233.27) | 233.27 | - | - | - |
| MAP | (1,241,367.43) | - | (107,481.95) | 338,186.01 | (1,010,663.37) |
| IDP | (2,590.70) | (50,000.00) | (2,736.65) | 55,327.35 | - |
| LUMS | - | - | - | - | - |
| Engineering/Capacity Building | (4,559.81) | 4,559.81 | - | - | - |
| IDP | - | - | - | - | - |
| MFMA | - | - | - | - | - |
| Anti Corruption | (149,689.45) | - | (13,933.52) | - | (163,622.97) |
| Develop / Planning | (212,687.44) | (4,559.81) | (41,337.51) | 105,311.27 | (153,173.49) |
| Property Rates | - | - | - | - | - |
| Inter Dept Monitoring | (18,128.05) | - | (1,099.75) | 19,085.63 | (142.17) |
| P M S | (12,271.26) | - | (9,410.89) | - | (21,682.15) |
| Project Consolidate | (598,922.02) | - | (63,481.48) | 485,684.54 | (164,738.96) |
| Internal Control | (158,520.61) | - | (221.04) | - | (158,742.25) |
| GS,HR & Public Participation | 11,963.84 | (339,820.87) | (29,206.90) | 357,053.93 | - |
| Public Participation | (239,587.80) | 239,587.80 | - | - | - |
| General Valuation Roll | (102,875.03) | - | (10,022.04) | - | (112,897.07) |
| GIS Capacity Building | (258,103.99) | - | (39,176.10) | 13,455.38 | (283,824.73) |
| Dev / Admin / Capacity Building | (101,815.76) | - | (8,164.55) | 94,085.00 | (15,705.31) |
| Dev / Planning / Capacity Building | (200,764.99) | - | (213.11) | 50,463.28 | (150,514.82) |
| Basic Bookkeeping | - | (100,000.00) | (4,731.27) | - | (104,731.27) |
| Gijima Hand Craft Project | - | (682,866.00) | - | 570,353.85 | (112,512.15) |
| | (3,285,853.57) | (932,866.00) | (331,207.36) | 2,098,976.22 | (2,450,950.71) |
| | | | 01-1 | | |
| Sisonke Grants - 5 600 6004 1 | | | | | |
| Capacity Building | (108,017.87) | - | (8,469.50) | - | (116,487.37) |
| Waste Disposal Site | (350,814.08) | - | (27,062.55) | 136,751.17 | (241,126.06) |
| IDP Review Agreement | - | - | - | - | - |
| Capital Project - Mhlange Road | (511,430.96) | - | - | 314,872.78 | (196,558.18) |
| Capital Project - Taxi Rank | (11,828.09) | - | - | 11,828.09 | - |
| Capital - Thunzi Road | - | - | - | - | - |
| Capital - Umkomozana Road | - | - | - | - | - |
| Capital - Mqatshe Road | (110,384.07) | - | - | - | (110,384.07) |
| Capital - Reichenau Mission Road | (97,336.02) | - | - | - | (97,336.02) |
| Capital - Netherby Road | (46,474.92) | - | - | - | (46,474.92) |
| Internal Audit | - | - | - | - | - |
| | (1,236,286.61) | - | (35,532.05) | 463,452.04 | (808,366.62) |
| | | | 01-1 | | |

J9-2

National Treasury Grants - 5 600 6009 1

| | | | | | |
|---------------------------|--------------|----------------|--------------|--------------|--------------|
| MFMA | (66,803.02) | (1,000,000.00) | (27,073.92) | 642,199.24 | (451,677.70) |
| MSIG / Property Rates Act | (83,956.05) | (1,391,072.78) | (103,277.16) | 1,234,206.21 | (344,099.77) |
| Finance Management | (500,000.00) | 500,000.00 | - | - | - |
| Property Rates Act | (657,072.78) | 657,072.78 | - | - | - |

| | | | | |
|----------------|----------------|--------------|--------------|--------------|
| (1,307,831.85) | (1,234,000.00) | (130,351.07) | 1,876,405.45 | (795,777.47) |
|----------------|----------------|--------------|--------------|--------------|

C4-1

Housing Grants - 5 700 ----

| | | | | | |
|-------------------|--------------|----------------|---|--------------|-------------|
| Stepmore Project | (112,065.00) | (6,359,725.68) | - | 6,575,647.50 | 103,856.82 |
| Maguswana Project | (263,100.00) | (216,317.20) | - | 426,480.96 | (62,936.24) |

| | | | | |
|--------------|----------------|---|--------------|-----------|
| (375,165.00) | (6,576,042.88) | - | 7,002,128.46 | 50,920.58 |
|--------------|----------------|---|--------------|-----------|

Total Grants

| | | | | |
|----------------|----------------|--------------|---------------|----------------|
| (8,206,137.03) | (8,742,908.88) | (497,090.48) | 11,440,982.17 | (4,004,174.22) |
|----------------|----------------|--------------|---------------|----------------|

CREDITORS

| | | | | |
|-------------------------------|----------------|------------------|------------|----------------|
| Free Electricity (5 600 6007) | (1,026,010.43) | 01-1 (94,839.45) | 21,193.35 | (1,099,656.53) |
| Free Services (5 600 6010) | (549,687.68) | 01-1 (35,129.37) | 175,626.27 | (409,190.78) |
| Total Creditors | (1,575,698.11) | (129,968.82) | 196,819.62 | (1,508,847.31) |

TOTAL GRANTS AND CREDITORS

| | | | | |
|----------------|----------------|--------------|---------------|----------------|
| (7,780,835.14) | (8,742,908.88) | (627,059.30) | 11,637,781.79 | (5,513,021.53) |
|----------------|----------------|--------------|---------------|----------------|

U3-1

Reconciliation with general ledger

| | |
|---------------------------------|-----------------|
| Acc 5 600 6003 | (2,338,430.54) |
| Acc 5 600 6004 | (808,366.62) |
| Acc 5 600 6007 | (1,099,656.53) |
| Acc 5 600 6009 | (795,777.47) |
| Acc 5 600 6010 | (409,190.78) |
| Acc 5 700 ---- | 50,920.58 |
| Acc 5 600 6006 - Sundry debtors | R6 (112,512.15) |
| | (5,513,021.51) |

J1

W

Grants utilised

| | |
|----------------------------------|---------------|
| Operating income and expenditure | 4,093,235.11 |
| Capital expenditure | 542,418.22 |
| Housing projects expenditure | 7,002,128.46 |
| | 11,637,781.79 |